

AMENDED IN SENATE APRIL 21, 2014

**SENATE BILL**

**No. 1250**

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**Introduced by Senator Hueso**

February 20, 2014

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~~An act relating to water, and declaring the urgency thereof, to take effect immediately. An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2012, relating to a safe drinking water and water supply reliability program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California, and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1250, as amended, Hueso. ~~Safe, Clean, and Reliable Drinking Water Supply Act of 2012.~~ *Safe, Clean, and Reliable Drinking Water Supply Act of 2014.*

(1) Existing law creates the *Safe, Clean, and Reliable Drinking Water Supply Act of 2012*, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

*This bill would repeal these provisions.*

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

*This bill would enact the Safe, Clean, and Reliable Drinking Water Supply Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$9,450,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply program.*

*This bill would provide for the submission of this bond act to the voters at the November 4, 2014, statewide general election.*

*(3) This bill would declare that it is to take effect immediately as an urgency statute.*

~~Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.~~

~~This bill would declare the intent of the Legislature to enact legislation that would amend the act for the purpose of reducing the bond.~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Division 26.7 (commencing with Section 79700)*  
2     *of the Water Code, as added by Section 1 of Chapter 3 of the*  
3     *Seventh Extraordinary Session of the Statutes of 2009, is repealed.*  
4     *SEC. 2. Division 26.7 (commencing with Section 79700) is*  
5     *added to the Water Code, to read:*

6  
7             *DIVISION 26.7. THE SAFE, CLEAN, AND RELIABLE*  
8             *DRINKING WATER SUPPLY ACT OF 2014*

9  
10            *CHAPTER 1. SHORT TITLE*

11  
12     *79700. This division shall be known, and may be cited, as the*  
13     *Safe, Clean, and Reliable Drinking Water Supply Act of 2014.*

1                    *CHAPTER 2. FINDINGS AND DECLARATIONS*

2  
3        79701. *The people of California find and declare all of the*  
4 *following:*

5        (a) *Safeguarding supplies of clean, safe drinking water to*  
6 *California's homes, businesses, and farms is an essential*  
7 *responsibility of government, and critical to protecting the quality*  
8 *of life for Californians.*

9        (b) *Every Californian should have access to clean, safe, and*  
10 *reliable drinking water.*

11        (c) *Providing adequate supplies of clean, safe, and reliable*  
12 *drinking water is vital to keeping California's economy growing*  
13 *and strong.*

14        (d) *Encouraging water conservation and recycling are*  
15 *commonsense methods to make more efficient use of existing water*  
16 *supplies.*

17        (e) *Protecting lakes, rivers, and streams from pollution, cleaning*  
18 *up polluted groundwater supplies, and protecting water sources*  
19 *that supply the entire state are crucial to providing a reliable*  
20 *supply of drinking water and protecting the state's natural*  
21 *resources.*

22  
23                    *CHAPTER 3. DEFINITIONS*

24  
25        79702. *Unless the context otherwise requires, the definitions*  
26 *set forth in this section govern the construction of this division, as*  
27 *follows:*

28        (a) *"Bay Delta Conservation Plan" means the final plan*  
29 *prepared pursuant to the planning agreement regarding the Bay*  
30 *Delta Conservation Plan, dated October 6, 2006.*

31        (b) *"Bay-Delta Estuary" means the Delta, Suisun Bay, and*  
32 *Suisun Marsh.*

33        (c) *"CALFED Bay-Delta Program" means the program*  
34 *described in the Record of Decision dated August 28, 2000.*

35        (d) *"Commission" means the California Water Commission.*

36        (e) *"Committee" means the Safe, Clean, and Reliable Drinking*  
37 *Water Supply Finance Committee created by Section 79802.*

38        (f) *"Delta" means the Sacramento-San Joaquin Delta, as*  
39 *defined in Section 12220.*

1 (g) “Delta conveyance facilities” means facilities that convey  
2 water directly from the Sacramento River to the State Water Project  
3 or the federal Central Valley Project pumping facilities in the  
4 south Delta.

5 (h) “Delta counties” means the Counties of Contra Costa,  
6 Sacramento, San Joaquin, Solano, and Yolo.

7 (i) “Delta Plan” has the meaning set forth in Section 85059.

8 (j) “Department” means the Department of Water Resources.

9 (k) “Director” means the Director of Water Resources.

10 (l) “Disadvantaged community” has the meaning set forth in  
11 subdivision (a) of Section 79505.5.

12 (m) “Economically distressed area” means a municipality with  
13 a population of 20,000 persons or less, a rural county, or a  
14 reasonably isolated and divisible segment of a larger municipality  
15 where the segment of the population is 20,000 persons or less,  
16 with an annual median household income that is less than 85  
17 percent of the statewide median household income, and with one  
18 or more of the following conditions as determined by the  
19 department:

20 (1) Financial hardship.

21 (2) Unemployment rate at least 2 percent higher than the  
22 statewide average.

23 (3) Low population density.

24 (n) “Fund” means the Safe, Clean, and Reliable Drinking Water  
25 Supply Fund of 2014 created by Section 79716.

26 (o) “Integrated regional water management plan” has the  
27 meaning set forth in Section 10534.

28 (p) “Nonprofit organization” means an organization qualified  
29 to do business in California and qualified under Section 501(c)(3)  
30 of Title 26 of the United States Code.

31 (q) “Public agency” means a state agency or department,  
32 district, joint powers authority, city, county, city and county, or  
33 other political subdivision of the state.

34 (r) “Secretary” means the Secretary of the Natural Resources  
35 Agency.

36 (s) “State General Obligation Bond Law” means the State  
37 General Obligation Bond Law (Chapter 4 (commencing with  
38 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
39 Code).

CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79706. Up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the State Water Resources Control Board.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 8 (commencing with Section 79750).

79708. (a) Prior to disbursing grants pursuant to this division, each state agency that is required to administer a competitive grant program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines may include a limitation on the dollar amount of grants to be awarded.

(b) Prior to disbursing grants, the state agency shall conduct three public meetings to consider public comments prior to finalizing the guidelines. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before the public meetings. One meeting shall be conducted at a location in northern California, one meeting shall be conducted at a location in the central valley, and one meeting shall be conducted at a location in southern California. Upon adoption, the state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature.

79709. It is the intent of the people that the investment of public funds pursuant to this division will result in public benefits.

79710. The California State Auditor shall annually conduct a programmatic review and an audit of expenditures from the fund.

1 *The California State Auditor shall report its findings annually on*  
2 *or before March 1 to the Governor and the Legislature, and shall*  
3 *make the findings available to the public.*

4 *79711. Funds provided by this division shall not be expended*  
5 *to support or pay for the costs of environmental mitigation*  
6 *measures or compliance obligations of any party except as part*  
7 *of the environmental mitigation costs of projects financed by this*  
8 *division or for costs for groundwater clean up pursuant to the*  
9 *requirements of Chapter 10 (commencing with Section 79770).*  
10 *Funds provided by this division may be used for environmental*  
11 *enhancements or other public benefits.*

12 *79712. Funds provided by this division shall not be expended*  
13 *to pay the costs of the design, construction, operation, or*  
14 *maintenance of Delta conveyance facilities. Those costs shall be*  
15 *the responsibility of the water agencies that benefit from the design,*  
16 *construction, operation, or maintenance of those facilities.*

17 *79713. (a) This division does not diminish, impair, or*  
18 *otherwise affect in any manner whatsoever any area of origin,*  
19 *watershed of origin, county of origin, or any other water rights*  
20 *protections, including, but not limited to, rights to water*  
21 *appropriated prior to December 19, 1914, provided under the law.*  
22 *This division does not limit or otherwise affect the application of*  
23 *Article 1.7 (commencing with Section 1215) of Chapter 1 of Part*  
24 *2 of Division 2, Sections 10505, 10505.5, 11128, 11460, 11461,*  
25 *11462, and 11463, and Sections 12200 to 12220, inclusive.*

26 *(b) For the purposes of this division, an area that utilizes water*  
27 *that has been diverted and conveyed from the Sacramento River*  
28 *hydrologic region, for use outside the Sacramento River hydrologic*  
29 *region or the Delta, shall not be deemed to be immediately adjacent*  
30 *thereto or capable of being conveniently supplied with water*  
31 *therefrom by virtue or on account of the diversion and conveyance*  
32 *of that water through facilities that may be constructed for that*  
33 *purpose after January 1, 2014.*

34 *(c) Nothing in this division supersedes, limits, or otherwise*  
35 *modifies the applicability of Chapter 10 (commencing with Section*  
36 *1700) of Part 2 of Division 2, including petitions related to any*  
37 *new conveyance constructed or operated in accordance with*  
38 *Chapter 2 (commencing with Section 85320) of Part 4 of Division*  
39 *35.*

(d) Unless otherwise expressly provided, nothing in this division supersedes, reduces, or otherwise affects existing legal protections, both procedural and substantive, relating to the state board's regulation of diversion and use of water, including, but not limited to, water right priorities, the protection provided to municipal interests by Sections 106 and 106.5, and changes in water rights. Nothing in this division expands or otherwise alters the state board's existing authority to regulate the diversion and use of water or the courts' existing concurrent jurisdiction over California water rights.

79714. Eligible applicants under this division are public agencies, nonprofit organizations, public utilities, and mutual water companies. To be eligible for funding under this division, a project proposed by a public utility that is regulated by the Public Utilities Commission or a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the water system.

79715. The Legislature may enact legislation necessary to implement programs funded by this division, except as otherwise provided in Section 79759.5.

79716. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Safe, Clean, and Reliable Drinking Water Supply Fund of 2014, which is hereby created in the State Treasury.

#### CHAPTER 5. CLEAN, SAFE, AND RELIABLE DRINKING WATER

79720. The sum of nine hundred million dollars (\$900,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures, grants, and loans for projects that improve water quality or help provide clean and safe drinking water to all Californians.

79721. The projects eligible for funding pursuant to this chapter shall help improve water quality for a beneficial use. The purposes of this chapter are to:

(a) Reduce contaminants in drinking water supplies regardless of the source of the water or the contamination, including the assessment and prioritization of the risk to the safety of drinking water supplies.

1     ***(b) Address the critical and immediate needs of disadvantaged,***  
2     ***rural, or small communities that suffer from contaminated drinking***  
3     ***water supplies, including, but not limited to, projects that address***  
4     ***a public health emergency.***

5     ***(c) Leverage other private, federal, state, and local drinking***  
6     ***water quality and wastewater treatment funds.***

7     ***(d) Reduce contaminants in discharges to, and improve the***  
8     ***quality of, surface water streams.***

9     ***(e) Improve water quality of surface water streams, including***  
10    ***multibenefit stormwater quality projects.***

11    ***(f) Prevent further contamination of drinking water supplies.***

12    ***(g) Provide disadvantaged communities with public drinking***  
13    ***water infrastructure that provides clean and safe drinking water***  
14    ***supplies that the community can sustain over the long term.***

15    ***(h) Ensure access to clean, safe, and affordable drinking water***  
16    ***for California's communities.***

17    79722. ***(a) A project that receives funding under this chapter***  
18    ***shall be selected by a competitive grant or loan process with added***  
19    ***consideration for those projects that leverage private, federal, or***  
20    ***local funding. This subdivision shall not apply to projects for the***  
21    ***purposes of Section 79727 that address a public health priority***  
22    ***for which no other source of funding can be identified.***

23    ***(b) An agency administering grants or loans for the purposes***  
24    ***of this chapter shall assess the capacity of a community to pay for***  
25    ***the operation and maintenance of the facility to be funded.***

26    ***(c) A project that receives funding authorized by this chapter***  
27    ***may be implemented by any public water system or other public***  
28    ***water agency.***

29    79724. ***The contaminants that may be addressed with funding***  
30    ***pursuant to this chapter may include, but shall not be limited to,***  
31    ***nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,***  
32    ***selenium, hexavalent chromium, mercury,***  
33    ***PCE (perchloroethylene), TCE (trichloroethylene), DCE***  
34    ***(dichloroethene), DCA (dichloroethane), 1,2,3 TCP***  
35    ***(trichloropropane), carbon tetrachloride, 1,4-dioxane,***  
36    ***1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,***  
37    ***manganese, and uranium.***

38    79725. ***Of the funds authorized in Section 79720, not less than***  
39    ***four hundred million dollars (\$400,000,000) shall be available***  
40    ***for deposit in the State Water Pollution Control Revolving Fund***



1 *Small Community Grant Fund created pursuant to Section 13477.6*  
2 *for grants for wastewater treatment projects. Priority shall be*  
3 *given to projects that serve disadvantaged communities and*  
4 *severely disadvantaged communities, and to projects that address*  
5 *public health hazards. Projects may include, but not be limited to,*  
6 *projects that identify, plan, design, and implement regional*  
7 *mechanisms to consolidate wastewater systems or provide*  
8 *affordable treatment technologies.*

9 79726. (a) *Of the funds authorized in Section 79720, one*  
10 *hundred million dollars (\$100,000,000) shall be available for*  
11 *deposit in the Emergency Clean Water Grant Fund, established*  
12 *pursuant to Section 116475 of the Health and Safety Code, for*  
13 *grants and direct expenditures to finance public health emergencies*  
14 *and urgent actions, as may be determined by the Legislature, to*  
15 *ensure that safe drinking water supplies are available to all*  
16 *Californians. Eligible projects include, but are not limited to, the*  
17 *following:*

18 (1) *Providing interim water supplies, including, but not limited*  
19 *to, bottled water, where necessary to protect public health.*

20 (2) *Identifying, planning, designing, and constructing projects*  
21 *that improve or replace existing water systems to provide safe,*  
22 *reliable, accessible, and affordable drinking water, provide other*  
23 *sources of safe drinking water, including, but not limited to,*  
24 *replacement wells, and prevent contamination.*

25 (3) *Establishing connections to an adjacent water system.*

26 (4) *The design, purchase, installation, and initial operating*  
27 *costs for interim water treatment equipment and systems.*

28 (b) *The administering entity may expend up to ten million dollars*  
29 *(\$10,000,000) for grants and loans to address the water quality*  
30 *needs of private well owners that have no other source of funding*  
31 *and serve members of a disadvantaged community.*

32 (c) *Funds made available pursuant to this section may be used*  
33 *to fund the costs of stewardship, operation, and maintenance of*  
34 *the funded projects.*

35 79727. (a) *Of the funds authorized in Section 79720, four*  
36 *hundred million dollars (\$400,000,000) shall be available for*  
37 *grants and loans for public water system infrastructure*  
38 *improvements and related actions to meet safe drinking water*  
39 *standards, ensure affordable drinking water, or both. Priority*  
40 *shall be given to projects that provide treatment for contamination*

1 or access to an alternate drinking water source or sources for  
2 small community water systems or state small water systems in  
3 disadvantaged communities whose drinking water source is  
4 impaired by chemical and nitrate contaminants and other health  
5 hazards identified by the implementing agency. Eligible recipients  
6 serve disadvantaged communities and are public agencies or  
7 incorporated mutual water companies. The implementing agency  
8 may make grants for the purpose of financing feasibility studies  
9 and to meet the eligibility requirements for a construction grant.  
10 Eligible expenses may include initial operation and maintenance  
11 costs for systems serving disadvantaged communities, for a period  
12 not to exceed two years. Special consideration shall be given to  
13 projects that provide shared solutions for multiple communities,  
14 at least one of which is a disadvantaged community that lacks safe,  
15 affordable drinking water and is served by a small community  
16 water system, state small water system, or a private well.  
17 Construction grants shall be limited to five million dollars  
18 (\$5,000,000) per project, except that the implementing agency  
19 may set a limit of not more than twenty million dollars  
20 (\$20,000,000) for projects that provide regional benefits or are  
21 shared among multiple entities, at least one of which shall be a  
22 small disadvantaged community. Not more than 25 percent of a  
23 grant may be awarded in advance of actual expenditures.

24 (b) The administering entity may expend up to twenty-five  
25 million dollars (\$25,000,000) of the funds allocated in subdivision  
26 (a) for technical assistance to eligible communities.

27 79729. (a) For the purposes of awarding funding under this  
28 chapter, a local cost share of not less than 50 percent of the total  
29 costs of the project shall be required. The cost-sharing requirement  
30 may be waived or reduced for projects that directly benefit a  
31 disadvantaged community or an economically distressed area.

32 (b) At least 10 percent of the funds available pursuant to this  
33 chapter shall be allocated for projects serving severely  
34 disadvantaged communities.

35 (c) Funding authorized pursuant to this chapter shall include  
36 funding for technical assistance to disadvantaged communities.  
37 The agency administering this funding shall operate a  
38 multidisciplinary technical assistance program for small and  
39 disadvantaged communities.

1     (d) *Funding for planning activities, including technical*  
2     *assistance, to benefit disadvantaged communities may exceed 10*  
3     *percent of the funds allocated, subject to the determination of the*  
4     *need for additional planning funding by the state agency*  
5     *administering the funding.*

6  
7             *CHAPTER 6. WATER SUPPLY RELIABILITY AND DROUGHT*  
8                     *PREPAREDNESS*  
9

10     79730. *The sum of one billion dollars (\$1,000,000,000) shall*  
11     *be available, upon appropriation by the Legislature, from the fund*  
12     *to the department for competitive grants and expenditures in*  
13     *accordance with Section 79731.*

14     79731. (a) *The department shall award grants to eligible*  
15     *projects that implement an adopted integrated regional water*  
16     *management plan.*

17     (b) *An urban water supplier that does not prepare, adopt, and*  
18     *submit its urban water management plan in accordance with the*  
19     *Urban Water Management Planning Act (Part 2.6 (commencing*  
20     *with Section 10610) of Division 6) is ineligible to receive funds*  
21     *made available pursuant to Section 79730 until the urban water*  
22     *management plan is prepared and submitted in accordance with*  
23     *the requirements of that act.*

24     (c) *For the purposes of awarding a grant under this chapter,*  
25     *the department shall require a local cost share of not less than 50*  
26     *percent of the total costs of the project. The department may waive*  
27     *or reduce the cost-sharing requirement for projects that directly*  
28     *benefit a disadvantaged community or an economically distressed*  
29     *area.*

30     (d) *Eligible projects are those included in adopted integrated*  
31     *regional water management plans consistent with Part 2.2*  
32     *(commencing with Section 10530) of Division 6, including, but not*  
33     *limited to, local and regional surface water storage projects.*

34     (e) *The funding provided in Section 79730 shall be allocated*  
35     *to each hydrologic region as identified in the California Water*  
36     *Plan in accordance with this subdivision. For the South Coast*  
37     *hydrologic region, the department shall establish three funding*  
38     *areas that reflect the watersheds of San Diego County (designated*  
39     *as the San Diego subregion), the Santa Ana River watershed and*  
40     *southern Orange County (designated as the Santa Ana subregion),*

1 *and the Los Angeles and Ventura County watersheds (designated*  
2 *as the Los Angeles subregion), and shall allocate funds to those*  
3 *areas in accordance with this subdivision. The North and South*  
4 *Lahontan hydrologic regions shall be treated as one area for the*  
5 *purpose of allocating funds. For purposes of this subdivision, the*  
6 *Sacramento River hydrologic region does not include the Delta.*  
7 *For purposes of this subdivision, the Mountain Counties Overlay*  
8 *is not eligible for funds from the Sacramento River hydrologic*  
9 *region or the San Joaquin River hydrologic region. The department*  
10 *may recognize multiple integrated regional water management*  
11 *plans in each of the areas allocated funding. Funds made available*  
12 *by this chapter shall be allocated as follows:*

13 *(1) North Coast: \$45,000,000.*

14 *(2) San Francisco Bay: \$132,000,000.*

15 *(3) Central Coast: \$58,000,000.*

16 *(4) Los Angeles subregion: \$198,000,000.*

17 *(5) Santa Ana subregion: \$128,000,000.*

18 *(6) San Diego subregion: \$87,000,000.*

19 *(7) Sacramento River: \$76,000,000.*

20 *(8) San Joaquin River: \$64,000,000.*

21 *(9) Tulare/Kern: \$70,000,000.*

22 *(10) North/South Lahontan: \$51,000,000.*

23 *(11) Colorado River Basin: \$47,000,000.*

24 *(12) Mountain Counties Overlay: \$44,000,000.*

25 *79732. Of the funds provided in Section 79730, not less than*  
26 *10 percent shall be allocated to disadvantaged communities.*

27  
28 *CHAPTER 7. DELTA SUSTAINABILITY*  
29

30 *79740. (a) The Bay-Delta Estuary is a unique and*  
31 *irreplaceable combination of environmental and economic*  
32 *resources. Current management and use of the Delta is not*  
33 *sustainable, and results in a high level of conflict among various*  
34 *interests. Future Delta sustainability is threatened by changing*  
35 *hydrology due to climate change, water diversions, flood risk,*  
36 *seismic events, nonnative species, toxics, and other environmental*  
37 *problems. Future management of the Delta must improve Delta*  
38 *ecosystem health and improve the means of Delta water*  
39 *conveyance in order to protect drinking water quality, improve*  
40 *water supply reliability, restore ecosystem health, and preserve*

1 *agricultural and recreational values in the Delta. Future*  
2 *management of the Delta must provide to counties and watersheds*  
3 *of origin assurances that their priority to water resources will be*  
4 *protected and that programs or facilities implemented or*  
5 *constructed in the Delta will not result in redirection of*  
6 *unmitigated, significant adverse impacts to the counties and*  
7 *watershed of origin. Many sources of funding will be needed to*  
8 *implement improved Delta management.*

9 *(b) This chapter provides state funding for public benefits*  
10 *associated with projects needed to assist in the Delta's*  
11 *sustainability as a vital resource for fish, wildlife, water quality,*  
12 *water supply, agriculture, and recreation.*

13 *79741. The sum of two billion two hundred fifty million dollars*  
14 *(\$2,250,000,000) shall be available, upon appropriation from the*  
15 *fund, for grants and direct expenditures, as follows:*

16 *(a) (1) Seven hundred fifty million dollars (\$750,000,000) for*  
17 *projects, including grants to Delta counties and cities within the*  
18 *Delta, that provide public benefits and support Delta sustainability*  
19 *options, including projects and supporting scientific studies and*  
20 *assessments that do any of the following:*

21 *(A) Ensure that urban and agricultural water supplies derived*  
22 *from the Delta, including water supplies used within the Delta,*  
23 *are not disrupted because of catastrophic failures of Delta levees*  
24 *resulting from earthquakes, floods, land sinking, rising ocean*  
25 *levels, or other forces.*

26 *(B) Assist in preserving economically viable and sustainable*  
27 *agriculture and other economic activities in the Delta.*

28 *(C) Improve the quality of drinking water derived from the*  
29 *Delta.*

30 *(D) Improve levee and flood control facilities and other vital*  
31 *infrastructure necessary to protect Delta communities affected by*  
32 *the implementation of this chapter.*

33 *(E) Provide physical improvements or other actions to create*  
34 *waterflow and water quality conditions within the Delta to provide*  
35 *adequate habitat for native fish and wildlife.*

36 *(F) Facilitate other projects that provide public benefits and*  
37 *support Delta sustainability options approved by the Legislature,*  
38 *including costs associated with planning, monitoring, and design*  
39 *of alternatives, and project modifications and adaptations*  
40 *necessary to achieve the goals of this chapter.*

1 (G) Mitigate other impacts of water conveyance and ecosystem  
2 restoration.

3 (H) Provide or improve water quality facilities and other  
4 infrastructure.

5 (2) Of the funds provided in this subdivision, not less than fifty  
6 million dollars (\$50,000,000) shall be available for matching  
7 grants for improvements to wastewater treatment facilities  
8 upstream of the Delta to improve Delta water quality.

9 (3) Of the funds provided in this subdivision, up to two hundred  
10 fifty million dollars (\$250,000,000) may be expended in the Delta  
11 to provide assistance to local governments and the local  
12 agricultural economy due to loss of productive agricultural lands  
13 for habitat and ecosystem restoration within the Delta.

14 (b) One billion five hundred million dollars (\$1,500,000,000)  
15 shall be available, upon appropriation from the fund, for grants  
16 and direct expenditures, for projects to protect and enhance the  
17 sustainability of the Delta ecosystem, including any of the  
18 following:

19 (1) Projects for the development and implementation of the Bay  
20 Delta Conservation Plan, consistent with Chapter 10 (commencing  
21 with Section 2800) of Division 3 of the Fish and Game Code. The  
22 projects shall be implemented through a cooperative effort among  
23 regulatory agencies, regulated and potentially regulated entities,  
24 and affected parties, including state and federal water contractors.  
25 These funds may be expended for the preparation of environmental  
26 documentation and environmental compliance.

27 (2) Other projects to protect and restore native fish and wildlife  
28 dependent on the Delta ecosystem, including the acquisition of  
29 water rights and the removal or reduction of undesirable invasive  
30 species.

31 (3) Projects to reduce greenhouse gas emissions from exposed  
32 Delta soils.

33 (4) Projects that reduce impacts of mercury contamination of  
34 the Delta and its watersheds, and remediation and elimination of  
35 continuing sources of mercury contamination.

36 (5) Scientific studies and assessments that support the projects  
37 authorized under this section.

38 (c) Funds provided by this chapter shall be available for  
39 appropriation to, among other entities, the Sacramento-San

1 *Joaquin Delta Conservancy for implementation consistent with*  
2 *the Delta Plan.*

3 79742. (a) *A project that receives funding pursuant to*  
4 *subdivision (a) of Section 79741 shall be eligible for funding*  
5 *pursuant to other provisions of this division to the extent that the*  
6 *combined state funding pursuant to this division does not exceed*  
7 *50 percent of the total project costs.*

8 (b) *The department shall determine what constitutes a project*  
9 *for the purposes of subdivision (a).*

10  
11 *CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL*  
12 *IMPROVEMENT FOR DROUGHT PREPAREDNESS*  
13

14 79750. (a) *Notwithstanding Section 162, the commission may*  
15 *make the determinations, findings, and recommendations required*  
16 *of it by this chapter independent of the views of the director. All*  
17 *final actions by the commission in implementing this chapter shall*  
18 *be taken by a majority of the members of the commission at a*  
19 *public meeting noticed and held pursuant to the Bagley-Keene*  
20 *Open Meeting Act (Article 9 (commencing with Section 11120) of*  
21 *Chapter 1 of Part 1 of Division 3 of Title 2 of the Government*  
22 *Code).*

23 (b) *Notwithstanding Section 13340 of the Government Code,*  
24 *the sum of three billion dollars (\$3,000,000,000) is hereby*  
25 *continuously appropriated from the fund, without regard to fiscal*  
26 *years, to the commission for public benefits associated with water*  
27 *storage projects that improve the operation of the state water*  
28 *system, are cost effective, and provide a net improvement in*  
29 *ecosystem and water quality conditions, in accordance with this*  
30 *chapter. Funds authorized for, or made available to, the*  
31 *commission pursuant to this chapter shall be available and*  
32 *expended only for the purposes provided in this chapter, and shall*  
33 *not be subject to appropriation or transfer by the Legislature or*  
34 *the Governor for any other purpose.*

35 (c) *Projects shall be selected by the commission through a*  
36 *competitive public process that ranks potential projects based on*  
37 *the expected return for public investment as measured by the*  
38 *magnitude of the public benefits provided, pursuant to criteria*  
39 *established under this chapter.*

1     (d) Any project constructed with funds provided by this chapter  
2 shall be subject to Section 11590.

3     79751. Projects for which the public benefits are eligible for  
4 funding under this chapter consist of only the following:

5     (a) Surface storage projects identified in the CALFED Bay-Delta  
6 Program Record of Decision, dated August 28, 2000, except for  
7 projects prohibited by Chapter 1.4 (commencing with Section  
8 5093.50) of Division 5 of the Public Resources Code.

9     (b) Groundwater storage projects and groundwater  
10 contamination prevention or remediation projects that provide  
11 water storage benefits.

12     (c) Conjunctive use and reservoir reoperation projects.

13     (d) Local and regional surface storage projects that improve  
14 the operation of water systems in the state and provide public  
15 benefits.

16     (e) Projects that improve dam stability in seismic events.

17     79752. A project shall not be funded pursuant to this chapter  
18 unless it provides measurable improvements to the Delta ecosystem  
19 or to the tributaries to the Delta.

20     79753. (a) Funds allocated pursuant to this chapter may be  
21 expended solely for the following public benefits associated with  
22 water storage projects:

23     (1) Ecosystem improvements, including changing the timing of  
24 water diversions, improvement in flow conditions, temperature,  
25 or other benefits that contribute to restoration of aquatic  
26 ecosystems and native fish and wildlife, including those ecosystems  
27 and fish and wildlife in the Delta.

28     (2) Water quality improvements in the Delta, or in other river  
29 systems, that provide significant public trust resources, or that  
30 clean up and restore groundwater resources.

31     (3) Flood control benefits, including, but not limited to,  
32 increases in flood reservation space in existing reservoirs by  
33 exchange for existing or increased water storage capacity in  
34 response to the effects of changing hydrology and decreasing snow  
35 pack on California's water and flood management system.

36     (4) Emergency response, including, but not limited to, securing  
37 emergency water supplies and flows for dilution and salinity  
38 repulsion following a natural disaster or act of terrorism.

39     (5) Recreational purposes, including, but not limited to, those  
40 recreational pursuits generally associated with the outdoors.



1     (b) *Funds shall not be expended pursuant to this chapter for*  
2 *the costs of environmental mitigation measures or compliance*  
3 *obligations except for those associated with providing the public*  
4 *benefits as described in this section.*

5     79754. *In consultation with the Department of Fish and*  
6 *Wildlife, the State Water Resources Control Board, and the*  
7 *department, the commission shall develop and adopt, by regulation,*  
8 *methods for quantification and management of public benefits*  
9 *described in Section 79753 by December 15, 2016. The regulations*  
10 *shall include the priorities and relative environmental value of*  
11 *ecosystem benefits as provided by the Department of Fish and*  
12 *Wildlife and the priorities and relative environmental value of*  
13 *water quality benefits as provided by the State Water Resources*  
14 *Control Board.*

15     79755. (a) *Except as provided in subdivision (c), no funds*  
16 *allocated pursuant to this chapter may be allocated for a project*  
17 *before December 15, 2016, and until the commission approves the*  
18 *project based on the commission's determination that all of the*  
19 *following have occurred:*

20     (1) *The commission has adopted the regulations specified in*  
21 *Section 79754 and specifically quantified and made public the cost*  
22 *of the public benefits associated with the project.*

23     (2) *The project applicant has entered into a contract with each*  
24 *party that will derive benefits, other than public benefits, as defined*  
25 *in Section 79753, from the project that ensures the party will pay*  
26 *its share of the total costs of the project. The benefits available to*  
27 *a party shall be consistent with that party's share of total project*  
28 *costs.*

29     (3) *The project applicant has entered into a contract with each*  
30 *public agency identified in Section 79754 that administers the*  
31 *public benefits, after that agency makes a finding that the public*  
32 *benefits of the project for which that agency is responsible meet*  
33 *all the requirements of this chapter, to ensure that the public*  
34 *contribution of funds pursuant to this chapter achieves the public*  
35 *benefits identified for the project.*

36     (4) *The commission has held a public hearing for the purposes*  
37 *of providing an opportunity for the public to review and comment*  
38 *on the information required to be prepared pursuant to this*  
39 *subdivision.*

40     (5) *All of the following additional conditions are met:*

1 (A) *Feasibility studies have been completed.*

2 (B) *The commission has found and determined that the project*  
3 *is feasible, is consistent with all applicable laws and regulations,*  
4 *and will advance the long-term objectives of restoring ecological*  
5 *health and improving water management for beneficial uses of the*  
6 *Delta.*

7 (C) *All environmental documentation associated with the project*  
8 *has been completed, and all other federal, state, and local*  
9 *approvals, certifications, and agreements required to be completed*  
10 *have been obtained.*

11 (b) *The commission shall submit to the Legislature its findings*  
12 *for each of the criteria identified in subdivision (a) for a project*  
13 *funded pursuant to this chapter.*

14 (c) *Notwithstanding subdivision (a), funds may be made*  
15 *available under this chapter for the completion of environmental*  
16 *documentation and permitting of a project.*

17 79756. (a) *The public benefit cost share of a project funded*  
18 *pursuant to this chapter, other than a project described in*  
19 *subdivision (c) of Section 79751, shall not exceed 50 percent of*  
20 *the total costs of any project funded under this chapter.*

21 (b) *No project may be funded unless it provides ecosystem*  
22 *improvements as described in paragraph (1) of subdivision (a) of*  
23 *Section 79753 that are at least 50 percent of total public benefits*  
24 *of the project funded under this chapter.*

25 79757. (a) *A project is not eligible for funding under this*  
26 *chapter unless, by January 1, 2022, all of the following conditions*  
27 *are met:*

28 (1) *All feasibility studies are complete and draft environmental*  
29 *documentation is available for public review.*

30 (2) *The commission makes a finding that the project is feasible,*  
31 *and will advance the long-term objectives of restoring ecological*  
32 *health and improving water management for beneficial uses of the*  
33 *Delta.*

34 (3) *The project applicant receives commitments for not less than*  
35 *75 percent of the nonpublic benefit cost share of the project.*

36 (b) *If compliance with subdivision (a) is delayed by litigation*  
37 *or failure to promulgate regulations, the date in subdivision (a)*  
38 *shall be extended by the commission for a time period that is equal*  
39 *to the time period of the delay, and funding under this chapter that*  
40 *has been dedicated to the project shall be encumbered until the*

1 *time at which the litigation is completed or the regulations have*  
2 *been promulgated.*

3 *79758. Surface storage projects funded pursuant to this chapter*  
4 *and described in subdivision (a) of Section 79751 may be made a*  
5 *unit of the Central Valley Project as provided in Section 11290*  
6 *and may be financed, acquired, constructed, operated, and*  
7 *maintained pursuant to Part 3 (commencing with Section 11100)*  
8 *of Division 6.*

9 *79759. (a) The funds allocated for the design, acquisition, and*  
10 *construction of surface storage projects identified in the CALFED*  
11 *Bay-Delta Record of Decision, dated August 28, 2000, pursuant*  
12 *to this chapter may be provided for those purposes to local joint*  
13 *powers authorities formed by irrigation districts and other local*  
14 *water districts and local governments within the applicable*  
15 *hydrologic region to design, acquire, and construct those projects.*

16 *(b) The joint powers authorities described in subdivision (a)*  
17 *may include in their membership governmental partners that are*  
18 *not located within their respective hydrologic regions in financing*  
19 *the surface storage projects, including, as appropriate, cost-share*  
20 *participation or equity participation. Notwithstanding Section*  
21 *6525 of the Government Code, the joint powers authorities*  
22 *described in subdivision (a) shall not include in their membership*  
23 *any for-profit corporation, or any mutual water company whose*  
24 *shareholders and members include a for-profit corporation or any*  
25 *other private entity. The department shall be an ex officio member*  
26 *of each joint powers authority subject to this section, but the*  
27 *department shall not control the governance, management, or*  
28 *operation of the surface water storage projects.*

29 *(c) A joint powers authority subject to this section shall own,*  
30 *govern, manage, and operate a surface water storage project,*  
31 *subject to the requirement that the ownership, governance,*  
32 *management, and operation of the surface water storage project*  
33 *shall advance the purposes set forth in this chapter.*

34 *79759.5. (a) In approving the Safe, Clean, and Reliable*  
35 *Drinking Water Supply Act of 2014, the people were informed and*  
36 *hereby declare that the provisions of this chapter are necessary,*  
37 *integral, and essential to meeting the single object or work of the*  
38 *Safe, Clean, and Reliable Drinking Water Supply Act of 2014. As*  
39 *such, any amendment of the provisions of this chapter by the*  
40 *Legislature without voter approval would frustrate the scheme*

1 and design that induced voter approval of this act. The people  
2 therefore find and declare that any amendment of the provisions  
3 of this chapter by the Legislature shall require an affirmative vote  
4 of two-thirds of the membership in each house of the Legislature  
5 and voter approval.

6 (b) This section shall not govern or be used as authority for  
7 determining whether the amendment of any other provision of this  
8 act not contained in this chapter would constitute a substantial  
9 change in the scheme and design of this act requiring voter  
10 approval.

11  
12 *CHAPTER 9. PROTECTING RIVERS, LAKES, STREAMS, COASTAL*  
13 *WATERS, AND WATERSHEDS*  
14

15 79760. (a) The sum of one billion three hundred million dollars  
16 (\$1,300,000,000) shall be available, upon appropriation by the  
17 Legislature from the fund, in accordance with this chapter, for  
18 expenditures and competitive grants for multibenefit ecosystem  
19 and watershed protection and restoration projects in accordance  
20 with statewide priorities.

21 (b) Of the funds made available by this section, the following  
22 specified amounts shall be made available to the specified regions:

23 (1) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the North Coast region.

24 (2) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the San Francisco Bay  
25 area.

26 (3) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Sierra Nevada and  
27 Cascade Range region.

28 (4) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Central Coast region.

29 (5) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Central Valley region.

30 (6) \_\_\_\_\_ million dollars (\$\_\_\_\_\_) for the Southern California  
31 region.

32 79761. In protecting and restoring California rivers, lakes,  
33 streams, and watersheds, the purposes of this chapter are to:

34 (a) Protect and increase the economic benefits arising from  
35 healthy watersheds, fishery resources, and instream flow.

36 (b) Implement watershed adaptation projects in order to reduce  
37 the impacts of climate change on California's communities and  
38 ecosystems.

39 (c) Restore river parkways throughout the state, including, but  
40 not limited to, projects pursuant to the California River Parkways

1 Act of 2004 (Chapter 3.8 (commencing with Section 5750) of  
2 Division 5 of the Public Resources Code), in the Urban Streams  
3 Restoration Program established pursuant to Section 7048, and  
4 urban river greenways.

5 (d) Protect and restore aquatic, wetland, and migratory bird  
6 ecosystems, including fish and wildlife corridors and the  
7 acquisition of water rights for instream flow pursuant to Section  
8 1707.

9 (e) Fulfill the obligations of the State of California in complying  
10 with the terms of multiparty settlement agreements related to water  
11 resources.

12 (f) Remove barriers to fish passage.

13 (g) Collaborate with federal agencies in the protection of fish  
14 native to California and wetlands in the central valley of  
15 California.

16 (h) Implement fuel treatment projects to reduce wildfire risks,  
17 protect watersheds tributary to water storage facilities, and  
18 promote watershed health.

19 (i) Protect and restore rural and urban watershed health to  
20 improve watershed storage capacity, forest health, protection of  
21 life and property, stormwater resource management, and  
22 greenhouse gas reduction.

23 (j) Promote access and recreational opportunities to watersheds  
24 and waterways that are compatible with habitat values and water  
25 quality objectives.

26 (k) Promote educational opportunities to instruct and inform  
27 Californians, including young people, about the value of  
28 watersheds.

29 (l) Protect and restore coastal watersheds, including, but not  
30 limited to, bays, marine estuaries, and nearshore ecosystems.

31 (m) Reduce pollution or contamination of rivers, lakes, streams,  
32 or coastal waters, prevent and remediate mercury contamination  
33 from legacy mines, and protect or restore natural system functions  
34 that contribute to water supply, water quality, or flood  
35 management.

36 (n) Assist in the recovery of endangered, threatened, or  
37 migratory species by improving watershed health, instream flows  
38 pursuant to Section 1707, fish passage, coastal or inland wetland  
39 restoration, or other means, such as natural community  
40 conservation plan and habitat conservation plan implementation.

1     (o) Promote urban forestry pursuant to the Urban Forest Act  
2     of 1978 (Chapter 2 (commencing with Section 4799.06) of Division  
3     4 of the Public Resources Code).

4     79762. For restoration and ecosystem protection projects under  
5     this chapter, the services of the California Conservation Corps or  
6     a local conservation corps certified by the California Conservation  
7     Corps shall be used whenever feasible.

8     79763. (a) Notwithstanding Section 79711, of the funds  
9     authorized in Section 79760, the sum of five hundred million  
10    dollars (\$500,000,000) shall be available to fulfill the obligations  
11    of the State of California in complying with the terms of any of the  
12    following:

13    (1) The February 18, 2010, Klamath Basin Restoration  
14    Agreement or Klamath Hydroelectric Settlement Agreement.

15    (2) The Quantification Settlement Agreement, as defined in  
16    subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.

17    (3) The San Joaquin River Restoration Settlement, as described  
18    in Part I of Subtitle A of Title X of Public Law 111-11.

19    (4) Section 3406(d) of Title 34 of Public Law 102-575.

20    (5) Other multiparty settlement agreements in effect as of  
21    January 1, 2014, including the Tahoe Regional Planning Compact  
22    set forth in Section 66801 of the Government Code.

23    (b) Of the funds authorized in Section 79760, two hundred fifty  
24    million dollars (\$250,000,000) shall be available to the Natural  
25    Resources Agency to support projects of a state conservancy as  
26    provided in the conservancy's strategic plan.

27    (c) In order to guide the expenditure of funds described in this  
28    chapter, the Natural Resources Agency shall develop a statewide  
29    natural resource protection plan to identify priorities consistent  
30    with the purposes of this section. All expenditures by state  
31    conservancies and state agencies of funds described in this section  
32    shall advance the priorities set forth in the statewide natural  
33    resource protection plan.

34    (d) In coordination with the Natural Resources Agency, all state  
35    conservancies expending funds provided pursuant to subdivision  
36    (b) shall provide biannual written reports to the Natural Resources  
37    Agency on expenditures made and how those expenditures advance  
38    the statewide priorities set forth in the statewide natural resource  
39    protection plan developed pursuant to subdivision (c). The Natural  
40    Resources Agency shall produce and make available to the public

1 *biannual written reports on total expenditures made and progress*  
2 *toward meeting statewide priorities.*

3 *79764. For the purposes of this chapter, the terms “protection”*  
4 *and “restoration” have the meanings set forth in Section 75005*  
5 *of the Public Resources Code.*

6  
7 *CHAPTER 10. GROUNDWATER SUSTAINABILITY*  
8

9 *79770. Prevention and cleanup of groundwater contamination*  
10 *are critical components of successful groundwater management.*  
11 *Groundwater quality becomes especially important as water*  
12 *providers do the following:*

13 *(a) Evaluate investments in groundwater recharge with surface*  
14 *water, stormwater, recycled water, and other conjunctive use*  
15 *projects that augment local groundwater supplies to improve*  
16 *regional water self-reliance.*

17 *(b) Adapt to changing hydrologic conditions brought on by*  
18 *climate change.*

19 *(c) Consider developing groundwater basins to provide much*  
20 *needed local storage options to accommodate hydrologic and*  
21 *regulatory variability in the state’s water delivery system.*

22 *(d) Evaluate investments in groundwater recovery projects.*

23 *79771. (a) The sum of five hundred million dollars*  
24 *(\$500,000,000) shall be available, upon appropriation by the*  
25 *Legislature from the fund, for expenditures, grants, and loans for*  
26 *projects to prevent or cleanup the contamination of groundwater*  
27 *that serves or has served as a source of drinking water. Funds*  
28 *appropriated pursuant to this section shall be available to the*  
29 *implementing agency for projects necessary to protect public health*  
30 *by preventing or reducing the contamination of groundwater that*  
31 *serves or has served as a major source of drinking water for a*  
32 *community.*

33 *(b) Projects shall be prioritized based upon the following*  
34 *criteria:*

35 *(1) The threat posed by groundwater contamination to the*  
36 *affected community’s overall drinking water supplies, including*  
37 *an urgent need for treatment of alternative supplies or increased*  
38 *water imports if groundwater is not available due to contamination.*

1     (2) *The potential for groundwater contamination to spread and*  
2 *impair drinking water supply and water storage for nearby*  
3 *population areas.*

4     (3) *The potential of the project, if fully implemented, to enhance*  
5 *local water supply reliability.*

6     (4) *The potential of the project to maximize opportunities to*  
7 *recharge vulnerable, high-use groundwater basins and optimize*  
8 *groundwater supplies.*

9     (5) *The project addresses contamination at a site for which the*  
10 *courts or the appropriate regulatory authority has not yet identified*  
11 *responsible parties, or where the identified responsible parties*  
12 *are unwilling or unable to pay for the total cost of cleanup.*

13     (c) *The Legislature, by statute, shall establish both of the*  
14 *following:*

15     (1) *A requirement that the grantee repay grant funds in the event*  
16 *of cost recovery from the parties responsible for the groundwater*  
17 *contamination.*

18     (2) *A requirement that the grantee make reasonable efforts to*  
19 *attempt to recover the costs of cleanup from the parties responsible*  
20 *for the contamination, except that a grantee shall not be required*  
21 *to seek cost recovery related to the costs of response actions*  
22 *apportioned to responsible parties who are insolvent or cannot*  
23 *be identified or located or when a requirement to seek cost*  
24 *recovery would impose a financial hardship on the grantee.*

25     79772. *The contaminants that may be addressed with funding*  
26 *pursuant to this chapter may include, but shall not be limited to,*  
27 *nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,*  
28 *selenium, hexavalent chromium, mercury,*  
29 *PCE (perchloroethylene), TCE (trichloroethylene), DCE*  
30 *(dichloroethene), DCA (dichloroethane), 1,2,3-TCP*  
31 *(trichloropropane), carbon tetrachloride, 1,4-dioxane,*  
32 *1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,*  
33 *manganese, and uranium.*

34     79773. (a) *A project that receives funding pursuant to this*  
35 *chapter shall be selected by a competitive grant or loan process*  
36 *with added consideration for those projects that leverage private,*  
37 *federal, or local funding.*

38     (b) *For the purposes of awarding funding under this chapter,*  
39 *a local cost share of not less than 50 percent of the total costs of*  
40 *the project shall be required. The cost-sharing requirement may*



1 *be waived or reduced for projects that directly benefit a*  
2 *disadvantaged community or an economically distressed area.*

3 *(c) An agency administering grants or loans for the purposes*  
4 *of this chapter shall assess the capacity of a community to pay for*  
5 *the operation and maintenance of the facility to be funded.*

6 *(d) At least 10 percent of the funds available pursuant to this*  
7 *chapter shall be allocated for projects serving severely*  
8 *disadvantaged communities.*

9 *(e) Funding authorized pursuant to this chapter shall include*  
10 *funding for technical assistance to disadvantaged communities.*  
11 *The agency administering this funding shall operate a*  
12 *multidisciplinary technical assistance program for small and*  
13 *disadvantaged communities.*

14  
15 *CHAPTER 11. WATER RECYCLING PROGRAM*  
16

17 *79780. The sum of five hundred million dollars (\$500,000,000)*  
18 *shall be available, upon appropriation by the Legislature from the*  
19 *fund, for grants for water recycling and advanced treatment*  
20 *technology projects, including all of the following:*

21 *(a) Water recycling projects, including, but not limited to,*  
22 *treatment, storage, conveyance, and distribution facilities for*  
23 *potable and nonpotable recycling projects.*

24 *(b) Contaminant and salt removal projects, including*  
25 *groundwater and seawater desalination and associated treatment,*  
26 *storage, conveyance, and distribution facilities.*

27 *(c) Dedicated distribution infrastructure to serve residential,*  
28 *agricultural, commercial, and industrial end-users to allow the*  
29 *use of recycled water.*

30 *(d) Pilot projects for new salt and contaminant removal*  
31 *technology.*

32 *(e) Groundwater recharge infrastructure related to recycled*  
33 *water.*

34 *(f) Technical assistance and grant writing assistance for*  
35 *disadvantaged communities.*

36 *79782. For projects funded pursuant to the funds made*  
37 *available pursuant to Section 79780, at least a 50-percent local*  
38 *cost share shall be required. That cost share may be suspended*  
39 *or reduced for disadvantaged communities and economically*  
40 *distressed areas.*

1     79783. *Projects funded pursuant to the funds made available*  
2 *pursuant to Section 79780 shall be selected on a competitive basis,*  
3 *considering all of the following criteria:*

- 4     (a) *Water supply reliability improvement.*  
5     (b) *Water quality and ecosystem benefits related to decreased*  
6 *reliance on diversions from the Delta or instream flows.*  
7     (c) *Public health benefits from improved drinking water quality.*  
8     (d) *Cost effectiveness.*  
9     (e) *Energy efficiency and greenhouse gas emission impacts.*  
10    (f) *Reasonable geographic allocation to eligible projects*  
11 *throughout the state, including both northern and southern*  
12 *California and coastal and inland regions.*

13     79784. *For purposes of this chapter, competitive programs*  
14 *shall be implemented consistent with water recycling programs*  
15 *administered pursuant to Sections 79140 and 79141 or consistent*  
16 *with desalination programs administered pursuant to Sections*  
17 *79545 and 79547.2.*

18  
19                   *CHAPTER 12. FISCAL PROVISIONS*  
20

21     79800. (a) *Bonds in the total amount of nine billion four*  
22 *hundred fifty million dollars (\$9,450,000,000), or so much thereof*  
23 *as is necessary, not including the amount of any refunding bonds*  
24 *issued in accordance with Section 79812 may be issued and sold*  
25 *to provide a fund to be used for carrying out the purposes*  
26 *expressed in this division and to reimburse the General Obligation*  
27 *Bond Expense Revolving Fund pursuant to Section 16724.5 of the*  
28 *Government Code. The bonds, when sold, shall be and constitute*  
29 *a valid and binding obligation of the State of California, and the*  
30 *full faith and credit of the State of California is hereby pledged*  
31 *for the punctual payment of both principal of, and interest on, the*  
32 *bonds as the principal and interest become due and payable.*

33     (b) *The Treasurer shall sell the bonds authorized by the*  
34 *committee pursuant to this section. The bonds shall be sold upon*  
35 *the terms and conditions specified in a resolution to be adopted*  
36 *by the committee pursuant to Section 16731 of the Government*  
37 *Code.*

38     79801. *The bonds authorized by this division shall be prepared,*  
39 *executed, issued, sold, paid, and redeemed as provided in the State*  
40 *General Obligation Bond Law (Chapter 4 (commencing with*

1 *Section 16720) of Part 3 of Division 4 of Title 2 of the Government*  
2 *Code), and all of the provisions of that law apply to the bonds and*  
3 *to this division and are hereby incorporated in this division as*  
4 *though set forth in full in this division, except subdivisions (a) and*  
5 *(b) of Section 16727 of the Government Code.*

6 *79802. (a) Solely for the purpose of authorizing the issuance*  
7 *and sale pursuant to the State General Obligation Bond Law*  
8 *(Chapter 4 (commencing with Section 16720) of Part 3 of Division*  
9 *4 of Title 2 of the Government Code) of the bonds authorized by*  
10 *this division, the Safe, Clean, and Reliable Drinking Water Finance*  
11 *Committee is hereby created. For purposes of this division, the*  
12 *Safe, Clean, and Reliable Drinking Water Finance Committee is*  
13 *the “committee” as that term is used in the State General*  
14 *Obligation Bond Law.*

15 *(b) The committee consists of the Director of Finance, the*  
16 *Treasurer, the Controller, the Director of Water Resources, and*  
17 *the Secretary of the Natural Resources Agency. Notwithstanding*  
18 *any other provision of law, any member may designate a*  
19 *representative to act as that member in his or her place for all*  
20 *purposes, as though the member were personally present.*

21 *(c) The Treasurer shall serve as chairperson of the committee.*

22 *(d) A majority of the committee may act for the committee.*

23 *79803. The committee shall determine whether or not it is*  
24 *necessary or desirable to issue bonds authorized pursuant to this*  
25 *division in order to carry out the actions specified in this division*  
26 *and, if so, the amount of bonds to be issued and sold. Successive*  
27 *issues of bonds may be authorized and sold to carry out those*  
28 *actions progressively, and it is not necessary that all of the bonds*  
29 *authorized to be issued be sold at any one time.*

30 *79804. For purposes of the State General Obligation Bond*  
31 *Law, “board,” as defined in Section 16722 of the Government*  
32 *Code, means the Department of Water Resources.*

33 *79805. There shall be collected each year and in the same*  
34 *manner and at the same time as other state revenue is collected,*  
35 *in addition to the ordinary revenues of the state, a sum in an*  
36 *amount required to pay the principal of, and interest on, the bonds*  
37 *each year. It is the duty of all officers charged by law with any*  
38 *duty in regard to the collection of the revenue to do and perform*  
39 *each and every act that is necessary to collect that additional sum.*

1     79806. *Notwithstanding Section 13340 of the Government*  
2 *Code, there is hereby appropriated from the General Fund in the*  
3 *State Treasury, for the purposes of this division, an amount that*  
4 *will equal the total of the following:*

5     (a) *The sum annually necessary to pay the principal of, and*  
6 *interest on, bonds issued and sold pursuant to this division, as the*  
7 *principal and interest become due and payable.*

8     (b) *The sum that is necessary to carry out the provisions of*  
9 *Section 79809, appropriated without regard to fiscal years.*

10    79807. *The board may request the Pooled Money Investment*  
11 *Board to make a loan from the Pooled Money Investment Account*  
12 *in accordance with Section 16312 of the Government Code for the*  
13 *purpose of carrying out this division less any amount withdrawn*  
14 *pursuant to Section 79809. The amount of the request shall not*  
15 *exceed the amount of the unsold bonds that the committee has, by*  
16 *resolution, authorized to be sold for the purpose of carrying out*  
17 *this division. The board shall execute those documents required*  
18 *by the Pooled Money Investment Board to obtain and repay the*  
19 *loan. Any amounts loaned shall be deposited in the fund to be*  
20 *allocated in accordance with this division.*

21    79808. *Notwithstanding any other provision of this division,*  
22 *or of the State General Obligation Bond Law, if the Treasurer*  
23 *sells bonds that include a bond counsel opinion to the effect that*  
24 *the interest on the bonds is excluded from gross income for federal*  
25 *tax purposes under designated conditions or is otherwise entitled*  
26 *to any federal tax advantage, the Treasurer may maintain separate*  
27 *accounts for the bond proceeds invested and for the investment*  
28 *earnings on those proceeds, and may use or direct the use of those*  
29 *proceeds or earnings to pay any rebate, penalty, or other payment*  
30 *required under federal law or take any other action with respect*  
31 *to the investment and use of those bond proceeds, as may be*  
32 *required or desirable under federal law in order to maintain the*  
33 *tax-exempt status of those bonds and to obtain any other advantage*  
34 *under federal law on behalf of the funds of this state.*

35    79809. *For the purposes of carrying out this division, the*  
36 *Director of Finance may authorize the withdrawal from the*  
37 *General Fund of an amount or amounts not to exceed the amount*  
38 *of the unsold bonds that have been authorized by the committee*  
39 *to be sold for the purpose of carrying out this division less any*  
40 *amount borrowed pursuant to Section 79807. Any amounts*

1 *withdrawn shall be deposited in the fund. Any moneys made*  
2 *available under this section shall be returned to the General Fund,*  
3 *with interest at the rate earned by the moneys in the Pooled Money*  
4 *Investment Account, from proceeds received from the sale of bonds*  
5 *for the purpose of carrying out this division.*

6 79810. *All moneys deposited in the fund that are derived from*  
7 *premium and accrued interest on bonds sold pursuant to this*  
8 *division shall be reserved in the fund and shall be available for*  
9 *transfer to the General Fund as a credit to expenditures for bond*  
10 *interest, except that amounts derived from premium may be*  
11 *reserved and used to pay the cost of bond issuance prior to any*  
12 *transfer to the General Fund.*

13 79811. *Pursuant to Chapter 4 (commencing with Section*  
14 *16720) of Part 3 of Division 4 of Title 2 of the Government Code,*  
15 *the cost of bond issuance shall be paid out of the bond proceeds,*  
16 *including premium, if any. To the extent the cost of bond issuance*  
17 *is not paid from premiums received from the sale of bonds, these*  
18 *costs shall be shared proportionately by each program funded*  
19 *through this division by the applicable bond sale.*

20 79812. *The bonds issued and sold pursuant to this division*  
21 *may be refunded in accordance with Article 6 (commencing with*  
22 *Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of*  
23 *the Government Code, which is a part of the State General*  
24 *Obligation Bond Law. Approval by the voters of the state for the*  
25 *issuance of the bonds under this division shall include approval*  
26 *of the issuance of any bonds issued to refund any bonds originally*  
27 *issued under this division or any previously issued refunding bonds.*

28 79813. *The proceeds from the sale of bonds authorized by this*  
29 *division are not “proceeds of taxes” as that term is used in Article*  
30 *XIII B of the California Constitution, and the disbursement of these*  
31 *proceeds is not subject to the limitations imposed by that article.*

32 79814. *Of the nine billion four hundred fifty million dollars*  
33 *(\$9,450,000,000) in bonds authorized in this division, no more*  
34 *than four billion seven hundred twenty-five million dollars*  
35 *(\$4,725,000,000) shall be sold by the Treasurer before July 1,*  
36 *2019.*

37 SEC. 3. *Section 2 of Chapter 3 of the Seventh Extraordinary*  
38 *Session of the Statutes of 2009, as amended by Section 1 of Chapter*  
39 *74 of the Statutes of 2012, is repealed.*

1     *SEC. 4. Section 2 of this act shall be submitted to the voters at*  
2     *the November 4, 2014, statewide general election in accordance*  
3     *with provisions of the Government Code and the Elections Code*  
4     *governing the submission of a statewide measure to the voters.*

5     *SEC. 5. Section 2 of this act shall take effect upon the approval*  
6     *by the voters of the Safe, Clean, and Reliable Drinking Water*  
7     *Supply Act of 2014 as set forth in that section at the November 4,*  
8     *2014, statewide general election.*

9     *SEC. 6. This act is an urgency statute necessary for the*  
10    *immediate preservation of the public peace, health, or safety within*  
11    *the meaning of Article IV of the Constitution and shall go into*  
12    *immediate effect. The facts constituting the necessity are:*

13    *In order to ensure that California residents are provided with*  
14    *safe, clean, and reliable drinking water at the earliest possible*  
15    *date, it is necessary that this act take effect immediately.*

16    ~~SECTION 1. It is the intent of the Legislature to enact~~  
17    ~~legislation that would amend the Safe, Clean, and Reliable~~  
18    ~~Drinking Water Supply Act of 2012 for the purpose of reducing~~  
19    ~~the \$11,140,000,000 bond.~~

20    ~~SEC. 2. This act is an urgency statute necessary for the~~  
21    ~~immediate preservation of the public peace, health, or safety within~~  
22    ~~the meaning of Article IV of the Constitution and shall go into~~  
23    ~~immediate effect. The facts constituting the necessity are:~~

24    ~~In order to ensure that California residents are provided with~~  
25    ~~safe, clean, and reliable drinking water, it is necessary that this act~~  
26    ~~take effect immediately.~~